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Reconstruction—A Survey and a Forecast

By A. J. PORTENAR

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THERE is general agreement that there must be a readjustment of the machinery of national industry, but we are not nearly so unanimous as to what is meant by "readjustment." For some, the word "restoration" more accurately expresses what is desired. For others, "demolition and reconstruction from the ground up," would be a summary. Between these extremes, stands a great majority which interprets "readjustment" as "restoration with more or less modification," the degree of modification varying considerably, but the structure of pre-war conditions being in its essentials retained.

The problem is not purely industrial. Adequately presented it would include economic, political and moral phases. But at this moment the emphasis is placed on the mechanisms by which industrial relations may be improved rather than on the fundamental principles on which they rest. When we consider the concrete conditions under which industry will get back to normal peace production, the subject naturally divides itself into two heads: Actions by agreement between employers and organized labor, and actions by employers in non-organized industries.

In the organized industries the struggle will principally concern wage schedules. But there are some industries in which the eight-hour day was unwillingly conceded under the stress of war requirements, and in these industries the length of the workday is likely to be a more bitterly contested question than even wage schedules. And there are other industries which are struggling already for a forty-four hour week.

It has already been made clear that the unions will strenuously resist any reduction in wages. In some instances they are out on

strike now (latter part of January) for increases based on living costs that are still rising. Their claims are that the cost of living is such that any reduction in wages will mean a lowering of the standard of living; that the extremely high prices are largely due to profiteering all along the line, from large producer to small retailer; and that labor was underpaid before the war and entitled to retain its increases even if prices should come down. *Per contra*, employers claim that the high prices are primarily and chiefly due to exorbitant wage demands, and that lower price levels are impossible until wages have been sealed down.

A SURVEY

The course of wage fluctuations usually is that on the upward trend wages lag behind prices; on the downward trend prices lag behind wages. This being so, it follows that rising prices receive their primary impulse from some other cause or causes than advancing wages, although advancing wages may later become a contributing cause to a further rise in prices. Also, by the same reasoning, the removal of the cause or causes which gave the original impulse to rising prices would permit a lowering of prices without wage reductions.

The trend of wage fluctuations in the past four years has been fully in accordance with the rule above stated. The beginning of the war found wages low as compared with then ruling prices, which had for about fifteen years been mounting more steadily and quickly than wages. The demand from Europe sent prices up very rapidly, while wages did not rise as soon, nor as fast nor as far. If we except the metal working trades, in which there was an insatiable demand for skilled mechanics, and in which wages had been for a long time notoriously poor, there was hardly any advance in wages for a considerable period after the commencement of the war in 1914. In fact, during the winter of 1914-1915, there was much unemployment, and to my personal knowledge common laborers in and about New York were working for \$1.75 a day. It was not until the entrance of the United States into the war, when an enormously increased demand was concurrent with the withdrawal of several millions of men from industry, that wages leaped upward, and a more equitable relation was established between the quantity of money in the pay envelope

and what might be bought for that quantity of money. But during that time prices never stopped their upward course, wages being really then a principal factor, but not the only factor in the continuous advance of prices.

In printed sheet and by word of mouth wide advertisement was given to the enormous earnings of individuals. It is not contended that the stories were untrue, but that the inference that everybody was earning the top figures so widely quoted was unfounded. Nor was proper emphasis given to the fact that the big money was largely due to the practice of working days, nights and Sundays. A boy of nineteen was mentioned to me as earning forty dollars a week. Inquiry brought out the fact that he was working thirty-four hours overtime a week. His hourly rate was only forty cents, after he had become a semi-skilled man. Incidentally, the effect on his health was becoming apparent.

As to profiteering, it is not necessary to present argument. An opportunity such as only a convulsion like this war could give was not wasted by those in a position to take advantage of it. Excess profit taxation retrieved for the public use some of the proceeds of the joyous stream of gold, though even with that subtraction there was exceeding fatness. And the little profiteers—certain middlemen and retailers—who got all they could and kept all they got—yes, the war ended too soon for some people.

Among others, one more cause of high prices must be mentioned, and a single illustration will suffice. The *Philadelphia North American* of September 2, 1917, said: "Delaware County is \$25,000,000 richer through four months of war." But further reading developed that it was not the people of Delaware County who had gained that sum. It was the landowners who had been enriched. The same authority added that "Rents have doubled and in many instances gone higher." How many times \$25,000,000 was thus saddled upon the people throughout the country? They made the increased values by their presence and industry; then they were penalized in the form of doubled rents for their homes; and then they paid some more unofficial taxation in the increased prices of commodities for which the doubled rents of factories and stores were the basis. Yet, though it was under their noses, the makers of the excess profits tax failed to see this unearned increment as a source of revenue—a source of revenue so

large, indeed, that had it been taken in its entirety through land value taxation, it would probably have eliminated the necessity for selling liberty bonds, and might have saved us largely from a public debt of fifteen billions. And that would have had a very beneficial effect on prices.

I have been at some pains to show that prices can be lowered by other means than through wage reductions, and have run counter to high authority in doing so. In a Senate debate on January 21, Senator Harding said: "You can't reduce the present cost of living and keep up the present American wage," and without doubt most people of the kind who "count" will think with him rather than with me.

But I repeat that you can. These terrifying prices must come down, and they will seek the line of least resistance in their downward course. If wage reductions offer the line of least resistance, that will be the channel by which they will get down. But in respect to organized labor, that line may not be the line of least resistance. The unions have received large accessions of membership, and they have partaken to the full in the increased consciousness of their social value which has come to all the people because of their universally acknowledged importance in achieving victory in the war. Maybe they will eventually prove to be capable of less resistance than some of the other lines through which price recessions can be secured, but they will not let anybody act on that assumption without demonstrating it by a fight. The effort will be made and the fight will follow.

Perhaps the fight will not follow if machinery (official or otherwise) is maintained for the settlement of disputes without resort to strike or lockout. But even in that case wages will come down little, if at all. It is just as probable that increases rather than decreases will be the subject matter of arbitrated disputes. And here is the reason: The position of both employers and organized labor has changed toward arbitration in the past twenty years. Then "Nothing to arbitrate" was a common expression of employers, and such an attitude by employers was a standing grievance of the unions. Now employers whose people are organized are usually willing to arbitrate, while an aggressive minority of the union membership has adopted the discarded attitude of the employers toward arbitration. Among the majority in unions are

many members who can be swayed toward any course by stronger personalities, and arbitration decisions which are decidedly unfavorable may be met by repudiation. Certainly they will only postpone an upheaval, and not even that for long. The industrial history of the last ten years has shown that it is becoming an increasingly difficult task for responsible union officials to hold the more turbulent portion of their membership in check, and it will be more difficult in the immediate future than it has ever been heretofore.

What has been said of wage disputes is equally applicable to any other disputes that may arise. Discharges are quite likely to take second place as a cause of friction, and it is one of the probable developments of the near future that a review of alleged unjust discharge by some agreed upon tribunal will become a common feature of collective agreements.

The form of arbitration will also be a matter of much debate, even though the thing itself be mutually desired. Official arbitration has been successful from a labor standpoint during the war period, because the Big Stick was generally used on the employer, and because the leaders of organized labor were willing to "take a chance" with official arbitration for really patriotic reasons. But in normal times organized labor is suspicious of official arbitration which has any real power of interference or enforcement behind it, because that is compulsory arbitration in principle and may easily become compulsory arbitration by formal legislative enactment, and that is one industrial policy to which organized labor is a unit in opposition.

The War Labor Board has in the main made decisions satisfactory to the workmen, and its continuance may for that reason meet with tacit approval by them, at least until its personnel and policy are changed. But that very consideration would operate to make its continuance undesirable to the other side. Complaints from employers that the administration and its various agencies have been unduly favorable to labor have been very frequent. An effort to terminate the existence of the board is therefore a probable move on the part of employers.

There will never be any kind of a court whose decisions will please everybody. Yet if any peace at all is to be maintained, there must be a tribunal of some kind to which disputes and

grievances are referable. As applied to industrial disputes, the best form, in my opinion, is a body in which both sides are equally represented in voting power, regardless of numbers present; whose membership is composed of the biggest men on both sides; and whose decisions when rendered are final. It is a question open to debate whether they shall be empowered to call in an umpire when deadlocked, or whether they shall discuss a question indefinitely until decision is reached. Both methods have advantages and disadvantages so nicely balanced that opinion has not crystallized upon either.

Organized labor will have much to say about matters of public policy, such as health and unemployment insurance, and child labor laws. It will increasingly concern itself with policies that are generally regarded as political rather than industrial, such as public ownership of public utilities, methods of taxation, education, and the powers of the judiciary. In this connection, and largely owing to the formation and development of the British Labor Party, there has recently arisen within the body of trades unionism in this country, a movement to form a labor party which would almost certainly take the British party for its model. This movement is due to the growing perception of the fact that industrial injustice may be created or maintained by political instruments. Hence political action is necessary to change those instruments, be they laws or methods of government, in order to remedy industrial injustice.

Mr. Gompers and the Executive Council of the American Federation of Labor are officially on record in opposition to the formation of such a party, while favoring many actions which will be a part of the program of the party. In all likelihood, the party will be formed in spite of the opposition of official unionism. But because of that opposition it will not attain the size and influence which would be its portion if there was unanimity. And for the same reason it will not be an important factor in the settlement of the reconstruction problems of the immediate future. It will be composed of the more radical groups and individuals in the labor movement. Its growth or even its continued existence will depend upon influences outside of itself. If there is progress steady and fast enough to enable the officials of the American Federation of Labor to justify the position they have taken, the

new movement will languish or merge itself into the Socialist Party; but if reactionary influences are able to prevent or greatly retard the items of the labor party's program, the opposition of conservative leaders like Mr. Gompers will be swept aside.

A CROSS SECTION STUDY OF LABOR CONDITIONS IN ONE SECTION OF NEW YORK CITY

When the problems of reconstruction are viewed in relation to the mass of unorganized workers in this country, who form a large majority of the whole number, the picture is vitally different from that presented when dealing with organized labor. The power of employers to impose their will and the power of employes to resist that imposition are both in inverse proportion to the respective powers in the other case. In every particular, from wages to welfare, immediate results will depend upon the temper and degree of enlightenment of employers.

In the district in which my daily work is done, my contact with the industrial situation is intimate, and it is principally the first-hand observations there made that are the basis of my comments. Otherwise, I have only such sources of information, through conversations and printed reports, as are open to everybody. A word, therefore, as to industrial conditions in the Borough of Queens, City of New York. The industries are extremely varied, ranging from airplanes to woodenware, but while the variety is great, most of the industries are represented by one or a few shops, sometimes small. The dominant industry is metal working and machining in many forms, with automobiles, caskets, chemicals, cards, furniture, food products, glass, lumber, paper goods, paints, shoes, textiles and woodworking more or less prominently represented. There are estimated to be at this time 75,000 persons, of which about one-fourth are women, employed in 1,100 industries. The industries of the district, if the building trades are excepted, are in the main not unionized, although union men are scattered among the employes. Those industries which did not go into war work have been somewhat favorably affected from the employers' standpoint by the signing of the armistice; those which did war work have practically suspended operation. The labor market is heavily in favor of employers so far as *number* of applicants goes, but when *quality* is a factor, demands are still rather difficult to supply. In some skilled lines, supply is as scarce as it has been

any time for two years past. But speaking generally there is a considerable excess of idle men over available jobs. If the picture thus drawn of conditions in this district is in its main features a replica of conditions elsewhere, then my observations may be capable of wide application.

As always, the question of wages is uppermost. It is already evident that the employers can reduce wages, and some of them even thus early have gone very far in their efforts to do so. Unlike the men in the unionized trades, the unorganized workers were willing to acquiesce almost immediately in wage reductions, which in most cases ranged from 12 to 15 per cent. For the present, they reject offers which carry reductions greater than that. But if the pressure of unemployment increases, as it seems almost certain it will, past experience indicates that they will make further concessions. An unusual phenomenon is that unskilled laborers are showing perhaps more independence than the skilled workers.

The unorganized workers are now, as they have always been, wobbly as to the amount they will work for; no matter what figure they have determined on, it is always possible that they will shade it a little, although no doubt there is for each individual an irreducible minimum somewhere. For the non-union workers in an organized trade the scale of the union is indirectly but none the less truly the measure of their compensation.

Yet it must be said that up to the present time (late in January), applicants of all kinds have shown more determination to uphold self-created standards than they did before the war. "I can't live on that" is the statement which usually accompanies refusal. The reductions already made seem to have been anticipated and accepted as a matter of course. It is difficult to forecast the future in this respect. Will they submit as they have always submitted hitherto, or will they reverse industrial precedents and offer unexpected resistance? But one thing seems clear—either submission or resistance will be accompanied by more deep-seated bitterness, and probably by more open expression of that bitterness, than we have ever known before. While they have not the aggressiveness and assurance which come with organization, they too have been touched by those intangible currents with which the industrial atmosphere is charged.

On other matters relating to employment they are not vocal. A nine-hour day will be accepted if an eight-hour day is not available. Even a ten-hour day finds some takers if the Saturday half holiday goes with it. It is not they who are talking of arbitration, or discussing industrial democracy. The pay envelope is the engrossing subject of their thoughts and the contents of the pay envelope will determine their state of mind and attitude in this period of unrest—that is, it will for awhile.

The attitude of employers as to wages varies all the way from a willingness to continue indefinitely at the level reached after the initial reduction already mentioned, down to a determination to restore pre-war wages, with the majority looking toward lower, if not the lowest levels. They express gratification at again seeing lines of applicants at their doors in the mornings, and some have recently restored suspended rules to the effect that applications for employment can be made only at that time. I have heard utterances among them which may be summarized in the words, "Our turn now." However, it is only just to say that the majority talk in a way which evinces a new outlook and a greater willingness to concede the existence of a viewpoint other than their own. I was about to say that they were willing to concede the existence of rights other than their own, but that probably is not true. A more accurate statement is to say that they concede that more consideration should be shown than has been customary by those whose habit it is to regard their business as an autocracy and themselves as its rulers.

Our employers are showing decided interest in methods of maintaining industrial peace and promoting good relations apart from that perennial topic of wages. There has been formed in the district a Personnel Managers' Club, which holds frequent meetings, at which the addresses of prominent speakers are followed by open discussion. The phrase "industrial democracy" is used often without startling anybody, although I am inclined to believe that the implications of that phrase have not been critically analyzed. The causes of and remedies for labor turnover creep into the discussions regularly, even when the announced topic bears a different title. Until now academic discussion has been the only result, but the club is only a few months old. It was formed at a time when the problems created by war condi-

tions confronted employers, and the factors of the equation are considerably altered now. So far as I know, none of the members have made any practical changes in their methods of handling the human element in production, nor (again so far as I know), are they considering any definite innovations.¹ They seem to be standing with reluctant feet at a point of departure from familiar paths, their faces turned in the right direction, but themselves not ready to go confidently forward. Not all of them, however; there is among them a considerable number of hardshell Tories, unconvinced of the necessity for change and unafraid of portended consequences.

A FORECAST

My reading of the signs of the times is that only mildly palliative measures may be expected in the so-called "reconstruction" period now before us, and that even these will meet with considerable opposition. There is no definite program such as is outlined in the Whitley report to the British Parliament, and even the American Federation of Labor has not asked for so much as in that report is officially conceded as a minimum for the attainment of improved industrial relations.

In Great Britain there has already been officially set up machinery designed to give the working people a voice in the making of trade agreements and the adjudication of disputes, in non-union as well as unionized industries. In this country the best we have yet secured was an official request made under the pressure of war conditions, that existing means for negotiation and arbitration be continued, and new means created where none existed. The attempts of the War Labor Board to create such new machinery where none existed (i.e., in non-union industries) were a conspicuous failure.

It is a seriously debatable question how long any amount of amelioration in industrial relations, without structural changes in the social edifice, will suffice to keep the working population in a state of reasonable contentment. It is indisputable that the war has been a ferment of tremendous power, the action of which cannot yet be determined. History has shown that a victorious people is usually a complacent people, but there is much reason

¹I have just been informed that a Long Island City employer is about to establish a profit-sharing system.

to anticipate that in its consequences this war will furnish a variation from historical precedent. Noble sentiments have been widely disseminated as stimulants to warlike enthusiasm; signs multiply that the people propose to give these glittering generalities concrete applications.

There is a general opinion that well organized and reasonably successful trades unionism is immune to direct actionist virus. From a letter written to me on June 10, 1914, by the late Prof. Robert F. Hoxie, is quoted this extract:

I can hardly agree with you that it is only a few Socialists who stand in opposition to the business unions and the pragmatic business union progress. Aside from well defined groups of predatory unionists, mainly in local bodies, I have become convinced by observation and inquiry, that there are between 500,000 and 800,000 men who can be called revolutionary unionists . . . and I find that *many of the revolutionaries are men of age, experience and substance.* (Italics mine.)

Note that Professor Hoxie expressed this view in reply to my assertion to the contrary. But because of things I have seen and heard, I am now inclined to give much more credence to his opinion.

The civilized world stands in living fear of a thing it calls Bolshevism, yet does not recognize the fact that it was our own civilization that spawned and nourished Bolshevism. The world would stamp it out, or at least set barriers to its spread, so there is talk of destroying it with force. But force will not destroy the thing even though it may suppress it for a time, because in justice backed by force was its father and its mother. It will be useless to set a guard against it at the piers where ships dock, for its seeds are implanted in our own industrial organism. No ring of armed men can stay the diffusion of its subtle poison where injustice makes misery, and misery makes desperation. No ring of armed men is needed where the sunlight of justice acts as a disinfectant.

But what is justice? We must formulate a working hypothesis, for an exact definition is impossible. But that which cannot be defined may be described. The test of justice is its inclusiveness; it must be just to all men. Brain and brawn should each receive the full value of work done. If that were given, every one who works would be sure at least of decent subsistence to which he is entitled by the very fact that he has worked.

Decent subsistence is a scarcely definable phrase, not to be stated in terms of money, yet easily comprehended. It means food, shelter, clothing, recreation and opportunity for education; nothing extravagant, nothing luxurious, nothing lacking.

"Economic justice" and "living wage" are not completely synonymous terms, but, directly or indirectly, every issue that arises between employer and employed has in some aspect a bearing on wages. It is held by some that the solution of the wage question lies in increased production. But this is only a partial truth. There must also be equitable distribution of the fund created by production. It is in distribution that the conflict of interest arises, and it is the belief that the employer benefits disproportionately by increased production which underlies the usual attitude of workmen.

I am not one of those who believe that all work is equal in value, and that all rewards should be equal. The law of supply and demand furnishes the only yardstick for measuring the value of work. I will be told that this yardstick is used now. But it is not so. The working of the law of supply and demand is artificially obstructed in our economic life. Big business can hire big brains to find and apply the methods of obstruction. Bribery, intimidation, misrepresentation (printed and spoken), legalism, forcible repression—all these are used. The toxic results of the obstruction are manifested in what is called the economic problem.

Yet there is no danger of catastrophic destruction and complete rebuilding if progress toward justice is permitted to take its naturally slow course through discussion and agitation, unhindered by the artificial obstructions. These come only when the volcano is capped or the stream dammed until the forces thus repressed burst through the bonds that restrain them. The gods could give the great property interests of the country no more fatal gift than too much success in controlling legislatures and finding complaisant courts.

My conscience knows and my writings attest that I wish to secure social justice by orderly procedure. In July, 1913, the Sagamore Sociological Conference invited me to meet Arturo Giovannitti in debate as a competent representative of the labor movement in opposition to I. W. W. propaganda. Is this a cer-

tificate of character, when I warn the captains of industry (yes, and the little fellows, too) that it is not wise to blink the recognition of facts until they see the spectre of hideous spoliation close upon them? They will concede in vain then what now to their minds is far beyond the limits of concession. Nor am I thinking of sops in the form of trifling increases of wages or the installation of this or that feature of "welfare work."

In my narrow field my ear is close to the ground, and the rumblings are ominous, but not yet menacing. From both demobilized soldiers and civilians, come the mutterings. They are not ripe for Workmen's and Soldiers' Councils, but it is not entirely beyond the bounds of the conceivable that they may become so. Everywhere like causes produce like effects, and the anxiety in European capitals today (late in January) is due to fear of the concededly contagious quality of Bolshevism.

There is an emergency problem before us in the present transition period, and emergency expedients are called for to meet the immediate crisis. But let no man doubt that there will remain a fundamental problem of industrial injustice which will only be solved by clear understanding and broad and far-reaching treatment of the permanent factors of our industrial life.